IN THE HIGH COURT OF JUDICATURE, ANDHRA PRADESH
AT HYDERABAD

(Special Original Jurisdiction)

MONDAY, THE THIRTY FIRST DAY OF JANUARY
TWO THOUSAND AND FIVE

PRESENT

THE HON'BLE SRI DEVINDER GUPTA,THE CHIEF JUSTICE

and
THE HON'BLE MR JUSTICE M.NARAYANA REDDY

WRIT PETITION NO.21104 of 2001

Between:

M/s. United India Insurance Company Limited, rep. by its Divisional Manager, Warangal having his office at Pochamma Maidan, Warangal.

..... PETITIONER

AND

1. The Legal Services Authority, (Lok Adalat for Civil Compensation), Warangal District, District Court Premises, Warangal.
2. Devasoth Chowli Bai, W/o. Ramchander, C/o. B.Satyanarayana, Desai Beedi Factory, Bachannapet, Warangal.
3. Devasoth Ramchader Nayak, S/o. Sangya, C/o.B.Satyanarayana, Desai Beedi Factory, Bachannapet, Warangal.
4. Devasoth Govind, S/o. Ramchandra Nayak, C/o.B.Satyanarayana, Desai Beedi Factory, Bachannapet, Warangal.
5. Md. Shafiuddin, S/o. Md. Syed Ali, H.No.4-45, Dobhigalli, Siddipet, Medak District. Respondents

Petition under Article 226 of the Constitution of India praying that in the circumstances stated in the affidavit filed herein the High Court will be pleased to issue a writ, order or direction in the nature of Mandamus or otherwise declaring the award passed by the First Respondent in O.P.No.19/99 dt. 24-4-99 on the File of Principal Motor Vehicles Accidents Claims Tribunal-cum-District Judge, Warangal as illegal and void ab initio and opposed to regulations and section 20(3) and (4) of Legal Services Authorities Act, 1987.

Counsel for the Petitioner:MR.K.L.N.RAO

Counsel for the Respondent Nos.2 to 4: MR.V.VISWANATHAM

Counsel for the Respondent Nos.1 & 5:None appeared.

The Court made the following Oral Order: (per Sri Devinder Gupta, CJ)

The Award of the Lok Adalat passed in O.P. No.19/99, dated 24.4.1999 is under challenge by the United Insurance Company Limited, Warangal on the ground that though there was an agreement reached between the Insurance Company and the claimants-respondents with regard to quantum of compensation of Rs.1,95,000/- but, it was made clear by the insurance company to claimants-respondents that no compromise was entered into as on that date because petitioner- insurance company did not have necessary documents, such as the driving licence, policy etc. Therefore, before the Lok Adalat, signatures were not appended on the compromise. But, the Lok Adalat proceeded to dispose of the O.P., as if there was a settlement. The case of the petitioner-company is that subsequently the matter was entrusted for investigation and it was found that the driver of Respondent No.5 who was alleged to be driving the vehicle at the time of the accident was not having a valid driving licence. Therefore, the insurance company had dropped the idea of compromising the case.

The only ground for challenging the Award of the Lok Adalat is that though the talks for settlement were in progress, but the insurance company had not agreed to suffer an Award in Lok

Adalat and for that reason, signatures were not appended. On that, we have to make it clear that under the provisions of the Legal Services Authority Act, 1987, Lok Adalat as defined under the said Act has jurisdiction to pass Award, in case, parties agree to the same and not otherwise. Therefore, on that score alone, we

would have to proceed to quash the Award of Lok Adalat since there are no

signatures at the behest of the petitioner.

However, in view of the recent decision of the Supreme Court reported in NATIONAL INSURANCE COMPANY LTD., vs. SWARAN SINGH & OTHERS (), when there is an objection by the insurance company that the driver was not having a valid driving licence, in such a situation, it will be for the insurance company to satisfy the Award in so far as claimants are concerned and then to recover this amount by taking out appropriate proceedings against the owner-insured.

In that view of the matter, we are disposing of the writ petition with direction that the petitioner company will satisfy the Award and then proceed in accordance with what has been held by the Supreme Court in SWARAN SINGH's case cited supra.

It is represented that pursuant to the interim order, entire compensation amount has been deposited by the insurance company and only 50% of the amount was permitted to be withdrawn by the claimants-respondents. We permit the claimants-respondents to withdraw the remaining 50% amount and the insurance company will proceed to recover the amount of compensation only by taking out appropriate proceedings against the insured.

The writ petition is accordingly disposed of. No costs.

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DEVINDER GUPTA, CJ

Date: 31st January, 2005

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M. NARAYANA REDDY,J

Pnb

To

1. The Legal Services Authority, (Lok Adalat for Civil

Compensation), Warangal District, District Court Premises,
Warangal.

2. The Chairman, Principal Motor Accidents Claims Tribunal,

Warangal.

3. Two C.D copies.